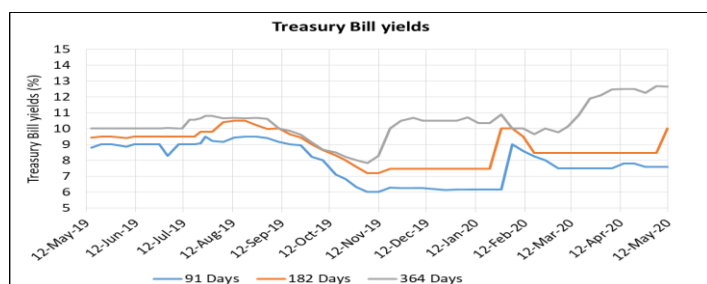


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by a marginal 0.002% to close the week at 28,502.17 points from 28,501.69 points registered in the previous week on account of a marginal share price gain in NBS which offset a minimal share price loss in NBM. A total of 748,771 shares switched hands at a consideration of K109.17m compared to 39,347,923 shares traded at a consideration of K926.19m in the previous week. This represents a 98.10% drop in traded volume and an 88.21% drop in traded value. The year-to-date return on MASI stands at -5.78% compared to -2.99% in the corresponding period in 2019 (Source: MSE).

Government securities

Government raised K3.22b during the week's auction for Treasury Bills (TB). The auction registered a rejection rate of 66.08% as Government stuck to its plan to raise only K3.22b through the auction. In the previous week, K2.58b was raised against an offer for subscription of K219.00m. The all-type average TB yield increased to 10.07% from 9.57% in the previous week due an increase in the 182-day yield to 10.00% from 8.46%. The 91-day yield was stable at 7.58% while the 364-day yield marginally dropped to 12.64%.

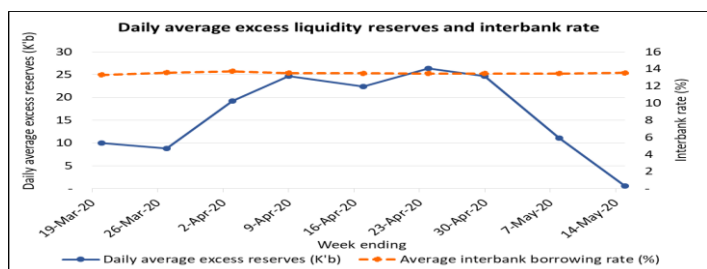


Source: RBM

Maturities of Government securities for the week amounted to K11.02b, thereby resulting in a net injection of K7.80b into the market compared to a net withdrawal of K36.50b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels significantly decreased during the week. The average daily excess reserves decreased to K0.60b from K11.06b recorded in the previous week. Borrowing on the interbank market decreased to an average of K5.0b per day from K7.30b per day in the previous week. The average interbank borrowing rate increased to 13.53% from 13.46% the previous week. Borrowing on the Lombard Facility increased to an average of K24.08b per day from K16.74b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha was steady at K736.5641 against USD during the week. The Kwacha, however, appreciated against GBP and EUR by 1.53% and 0.35% respectively while depreciating against ZAR by 0.49%. Gross official foreign exchange reserves were last recorded at USD730.17m (3.49 months of import cover) on 31st March 2020, down from USD785.31m (3.76 months of import cover) recorded on 29th February 2020 (Source: RBM). In the third week of 2020 marketing season, the tobacco market raked in USD17.92m compared to USD18.08m for the same period in 2019 (Source: AHL).

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.

| Stock market | | | | |
|---|----------------------|--------------|----------|-------------------|
| | 15-May-20 | | % Δ | 08-May-20 |
| MASI | 28,502.17 | ↑ | 0.002% | 28,501.69 |
| DSI | 23,780.94 | ↑ | 0.00% | 23,780.51 |
| FSI | 1,993.51 | → | 0.00% | 1,993.51 |
| Traded volume | 748,771 | ↓ | -98.10% | 39,347,923 |
| Number of trades | 42 | ↓ | -58.82% | 102 |
| Value of shares traded (K'm) | 109.17 | ↓ | -88.21% | 926.19 |
| Market capitalisation (K'm) | 1,483,384.12 | ↑ | 0.00% | 1,483,359.68 |
| Gainers | Closing price (K) | | % Δ | Opening price (K) |
| NBS | 17.50 | ↑ | 0.06% | 17.49 |
| Losers | Closing price (K) | | % Δ | Opening price (K) |
| NBM | 550.00 | ↓ | -0.002% | 550.01 |
| Treasury Bill auctions | | | | |
| Auction date | 12-May-20 | | % pts Δ | 5-May-20 |
| Amount offered - cost value (K'm) | 3,219.00 | ↑ | 1369.86% | 219.00 |
| Applied - cost value (K'm) | 9,488.37 | ↑ | 268.01% | 2,578.27 |
| Allotted - cost value (K'm) | 3,218.52 | ↑ | 24.83% | 2,578.27 |
| Overall rejection rate | 66.08% | ↑ | 66.08 | 0.00% |
| 91 days yield | 7.58% | ↓ | -0.01% | 7.58% |
| 182 days yield | 10.00% | ↑ | 18.26% | 8.46% |
| 364 days yield | 12.64% | ↑ | -0.05 | 12.69% |
| All-type yield | 10.07% | ↑ | 0.50 | 9.57% |
| Treasury Note auctions | | | | |
| Date | 5-May-20 | 21-Apr-20 | | 14-Apr-20 |
| Tenor | 5 Years | 10 Years | | 5 Years |
| Coupon rate | 12.50% | 15.00% | | 12.50% |
| Amount offered - cost value (K'b) | 44.11 | 8.86 | | 21.00 |
| Applied - cost value (K'b) | 41.46 | 11.62 | | 25.51 |
| Allotted - cost value (K'b) | 41.46 | 4.36 | | 21.00 |
| Allotted - weighted average ytm | 18.47% | 21.70% | | 17.73% |
| Current yields for Treasury Notes | | | | |
| Tenor | Last auction's yield | Last auction | | Next auction |
| 2-year | 12.38% | 10-Mar-20 | | 19-May-20 |
| 3-year | 14.50% | 07-Apr-20 | | 16-Jun-20 |
| 5-year | 18.47% | 05-May-20 | | TBA |
| 7-year | 19.08% | 24-Mar-20 | | 02-Jun-20 |
| 10-year | 21.70% | 21-Apr-20 | | TBA |
| Upcoming Treasury Note auctions | | | | |
| Auction date | Tenor | Amount (K'b) | | Last coupon rate |
| 19-May-20 | 2 | 34.09 | | 10.00% |
| 02-Jun-20 | 7 | 20.07 | | 13.50% |
| 16-Jun-20 | 3 | 27.48 | | 11.00% |
| Projected maturities | | | | |
| Week ending | 15-May-20 | 22-May-20 | | 29-May-20 |
| TBs, PNs & TNs (K'm) | 11,021 | 5,478 | | 3,417 |
| OMO (K'm) | 0 | 0 | | 0 |
| Reference rate | | | | |
| Rate | May-20 | % pts Δ | | Apr-20 |
| Rate | 13.30% | ↑ | 0.10 | 13.20% |
| Inflation rate | | | | |
| Rate | Mar-20 | % pts Δ | | Feb-20 |
| Rate | 9.8% | ↑ | -1.2 | 11.0% |
| Cumulative Tobacco sales (Week) | | | | |
| Year | 2020 | %Δ | | 2019 |
| Volume (Kg) | 11,599,285 | ↓ | -14.16% | 13,512,267 |
| Value (USD) | 17,918,572 | ↓ | -0.91% | 18,082,248 |
| Average price (USD/ Kg) | 1.54 | ↑ | 14.93% | 1.34 |
| Indicative opening mid exchange rates | | | | |
| | 15-May-20 | % Δ | | 8-May-20 |
| USD | 736.5641 | → | 0.00% | 736.5641 |
| GBP | 898.9765 | ↑ | -1.53% | 912.9712 |
| EUR | 795.7102 | ↑ | -0.35% | 798.5091 |
| ZAR | 39.9378 | ↓ | 0.49% | 39.7445 |
| Gross official foreign exchange reserves position | | | | |
| | 31-Mar-20 | 29-Feb-20 | | 31-Jan-20 |
| Reserves (USD'm) | 730.17 | 785.31 | | 786.71 |
| Import cover (months) | 3.49 | 3.76 | | 3.76 |

(Sources: MSE, RBM, NSO)

COVID-19 update

As at 15th May 2020, Malawi had registered 63 cases of Coronavirus disease (COVID-19). Of these, 24 have recovered and 3 have died. Globally, as at the same date, there were more than 4.5m confirmed cases of COVID-19 worldwide with more than 1.29m recoveries and 305k deaths (Source: Johns Hopkins University and Medicine). Countries across the world continue to slowly ease some restrictions as the world curve of new infections flattens. Efforts are mounting towards economic recovery.